



GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES
— 0 —
VIRGIN ISLANDS BUREAU OF INTERNAL REVENUE



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Christiansted VI 00820-4421
Phone: (340) 773-1040
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CERTIFIED RETURN RECEIPT REQUESTED

Date: December 30, 2014

EIN/SSN: [REDACTED]

Hess Oil Virgin Islands Corp. & Subsidiaries
c/o Paul W. Oosterhuis
1440 New York Avenue NW
Washington, D.C. 20005

**Last Date to File a Petition
with the U.S. District Court:**

Tax Year(s) Ended: CY-2010

May 29, 2015

Deficiency; \$2,359,889,777.00

We have determined that you owe additional tax or other amounts, or both, for the tax year(s) identified above. This letter is your **NOTICE OF DEFICIENCY**, as required by law. The enclosed statement shows how we figured the deficiency.

If you want to contest this determination in court before making any payment, you have 90 days from the date of this letter (150 days if this letter is addressed to you outside the Virgin Islands) to file a petition with the United States District Court of the Virgin Islands for a re-determination of the deficiency. The District Court cannot consider your case if the petition is filed late. The petition is timely filed if the postmark date falls within the prescribed 90 or 150 day period and the envelope containing the petition is properly addressed with the correct postage.

The time you have to file the petition with the court is set by law and cannot be extended or suspended. Thus, contacting the Bureau for more information, or receiving other correspondence from the Bureau will not change the allowable period for filing a petition with the District Court.

As required by law, separate notices are sent to husbands and wives. If this letter is addressed to both husband and wife, and both want to petition the District

Court, both must sign and filed the petition or each must file a separate, signed petition. If more than one year is shown above, you may file one petition form showing all of the years that you are contesting.

If you decide not to file a petition with the District Court, please sign the enclosed waiver form and return it to the Bureau. This will permit us to assess the deficiency quickly and can help limit the accumulation of interest.

If you decide not to sign and return the waiver, and you do not file a petition with the District Court within the time limit, the law requires us to assess and bill you for the deficiency after 90 days from the date of this letter (150 days if this letter is addressed to you outside the Virgin Islands).

NOTE: If you are a C-corporation, section 6621(c) of the Internal Revenue Code requires that we charge an interest rate two percent higher than the normal rate on corporate underpayments in excess of \$100,000.

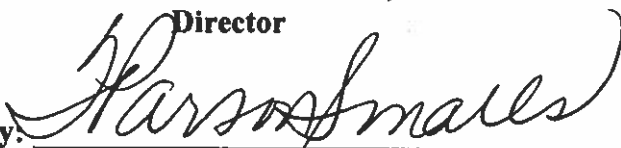
If you have questions about this letter, you may write or contact the undersigned. When writing, please include your telephone number and the best time to call if we need more information. If you prefer to call, please call the number on the top of page one and ask for extension 2249.

The undersigned can assess your tax information and help you get answers. You also have the right to contact the Office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established Bureau procedures such as the formal appeals process. The Taxpayer Advocate is not available to reverse legally correct tax determinations, nor extend the time fixed by law that you have to file in the U.S. District Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. If you want Taxpayer Advocate assistance, please contact Marcella Somersall, Acting Taxpayer Advocate, at the above address, or by calling (340) 715-1040, ext. 2240.

Thank you for your cooperation.

Claudette J. Watson-Anderson, CPA
Director

By:


Tamarah Parson-Smalls, Esq.
Chief Counsel

Enclosures
/mn

Type of Return POST EOD

Page ___ of ___ Pages

Form 4549
(Rev. July 1992)United States Virgin Islands - Bureau of Internal Revenue
Income Tax Examination ChangesReturn Form No.
1120

Name and Address of Taxpayers:

HESS OIL VIRGIN ISLANDS CORP & SUBSIDIARIES
PO BOX 127
KINGSHILL VI 00851

S.S. or E.I. Number

[REDACTED]

Filing Status

Person with
whom examination
changes were
discussedName and Title
Paul Oosterhuis

1. Adjustment to Income	YEAR: 2010		
a. OTHER INCOME (Flow-through ordinary loss from Hovensa 1065/2010)	239,918,404.00		
b. OTHER INCOME (Flow-through ordinary income from Hovensa 1065/10)	6,131,565,892.00		
c. INTEREST	4,338,325.00		
d. DEPRECIATION	294,421.00		
e. EMPLOYEE BENEFITS PROGRAM	49,881.00		
f. OTHER DEDUCTIONS	807,061.00		
g.			
2. Total Adjustments	6,376,973,984.00		
3. Adjusted Gross or Taxable Income Shown on Return or as Previously Adjusted	(247,390,146.00)		
4. Corrected Adjusted Gross or Taxable Income	6,129,583,838.00		
5. Corrected Tax	2,145,354,343.00		
6. Alternative Tax, If Applicable			
7. Tax surcharge	214,535,434.00		
8. Corrected Tax Liability (Lessor of line 5 or 6 plus line 7)	2,359,889,777.00		
9. Less Credits			
a.			
b.			
c.			
10. Balance (Line 8 less total 9a through 9c)	2,359,889,777.00		
11. Plus Other Taxes			
a. Tax From Recomp Prior Yr Investment Cr			
b. Self-Employment Tax			
c.			
12. Total Corrected Tax Liability (Line 10 plus total of lines 11a through 11c)	2,359,889,777.00		
13. Total Tax Shown on Return or as Previously Adjusted	0.00		
Deficiency - (Increase in Tax before credit adjustments, Line 12 less line 13)	2,359,889,777.00		
14. Overassessment (Decrease in tax before credit adjustments, Line 13 less line 12)	0.00		
15. Adjustments to Prepayment Credits			
16. Balance Due (Line 14 or 15 adjusted by line 16)	2,359,889,777.00		
17. Overpayment (Line 14 or 15 adjusted by line 16)	0.00		
18. Estimated Tax Penalty, if any	0.00		
19. Other Penalty, if any (Must specify Valid Code)	471,977,955.00	\$6862	<-Code
20. Other Penalty, if any (Must specify Valid Code)			<-Code

Other Information:

Date Filed: 9/15/2011

Examiner's Signature

[Signature]

District

St. George

Date

12/22/14

Consent to Assessment and Collection - I do not wish to exercise my appeal rights with the Bureau of Internal Revenue or to contest in the District Court of the Virgin Islands the findings in this report. Therefore, I give my consent to the immediate assessment and collection of any increase in tax and penalties, and accept any decrease in tax and penalties shown above, plus any interest as provided by law. I understand that this report is subject to acceptance by the Director.

NOTE: Attach

Signature of Officer

Date

Power of Attorney

Signature of Officer

Date

Representative

By: Authorized Representative

Title

Date

Form 886-A (Rev. October 2011)	EXPLANATION OF ITEMS	Schedule number or exhibit
Name of taxpayer Hess Oil Virgin Islands Corporation & Subs	Tax Identification Number [REDACTED]	Year/Period ended 12/31/2010

Other Income

The net loss of (\$230,918,404.00) deducted on taxpayer 2010 1120 US Corporation Income Tax Return was disallowed, due to the positive adjustment made to Hovensa, LLC 2010 1065 US Return of Partnership Income which flow-through to the shareholders as per IRC §§ 61, 701 & 702.

Interest

The interest expense of \$8,676,651.00 deducted on Hess Oil Virgin Islands Corporation & Subs. 2010 1120 US Corporation Income Tax Return was adjusted to reflect the fifty percent (50%) disallowance of the expense in the amount of \$4,338,325.00, due to taxpayer failure to provide the necessary requested documentation which proves that the expense deducted was ordinary and necessary for the business as per IRC §§ 162 & 482.

Depreciation

The depreciation expense of \$588,841.00 deducted on Hess Oil Virgin Islands Corporation & Subs. 2010 1120 US Corporation Income Tax Return was adjusted to reflect the fifty percent (50%) disallowance of the expense in the amount of \$294,421.00, due to taxpayer failure to provide the necessary requested documentation which proves that the expense deducted was ordinary and necessary for the business as per IRC §§ 162 & 167.

Employee Benefits Programs

The employee benefits programs of \$99,761.00 deducted on Hess Oil Virgin Islands Corporation & Subs. 2010 1120 US Corporation Income Tax Return was adjusted to reflect the fifty percent (50%) disallowance of the expense in the amount of \$49,881, due to taxpayer failure to provide the necessary requested documentation which proves that the expense deducted was ordinary and necessary for the business as per IRC § 162.

Other Deductions – General & Admin Expenses

The general and admin expenses deducted under other deductions on taxpayer's 2010 1120 UC Corporation Income Tax Return was adjusted to reflect the allowed deduction amount of \$4,836.00, due to taxpayer failure to provide invoices/receipts which proves that the selected entries totaling \$12,096.00 were ordinary and necessary expenses for the business as per IRC § 162.

Other Deductions – Professional Fees

The professional fees expenses deducted under other deductions on taxpayer's 2010 1120 US Corporation Income Tax Return was adjusted to reflect the allowed deduction amount of \$15,657.00, due to taxpayer failure to provide invoices/receipts which proves that the entries selected totaling \$444,279.00 were ordinary and necessary expenses for the business as per IRC § 162.

Other Deductions – Legal Fees

The legal fees expenses deducted under other deductions on taxpayer's 2010 1120 US Corporation Income Tax Return was adjusted to reflect the allowed deduction amount of \$216,395.00, due to taxpayer failure to provide invoices/receipts which proves that the entries selected totaling \$444,279.00 were ordinary and necessary expenses for the business as per IRC § 162.

Other Deductions – Environmental Expense

The environmental expense deducted under other deductions on taxpayer's 2010 1120 UC Corporation Income Tax Return was adjusted to reflect the disallowed of \$20,000.00, due to taxpayer failure to provide invoices/receipts which proves that the entry selected totaling \$20,00.00 was ordinary and necessary expense for the business as per IRC § 162.